

# Audit Talking Points

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- I. The opinion from Balukoff and Lindstrom was unqualified.
- II. Three areas to improve in FY05.
  - A. Regular and detailed reconciliation of expenses between general ledger and STARS systems.
  - B. Regular and detailed reconciliation of general ledger fund balances with custodial statements, not just with monthly activity.
  - C. Begin accruing investment manager expenses at fiscal year-end (approximately \$400,000).

# Audit Talking Points (Con't.)

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- III. Two items identified in last year's audit were finalized.
  - A. Re-allocation of market value between Earnings Reserve and Corpus.
  - B. Movement of \$1.5 million of cash held on State Controller's system back into Endowment Fund.
- IV. Report format was modified slightly to meet the new governmental accounting standards.
- V. Investments appear consistent with Prudent Investor Law and other policy documents.